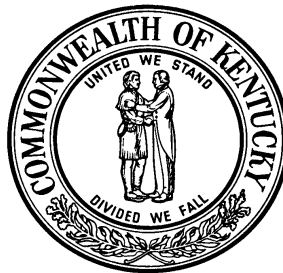


**REPORT OF THE AUDIT OF THE
ROCKCASTLE COUNTY
CLERK**

**For The Year Ended
December 31, 2005**



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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE ROCKCASTLE COUNTY CLERK

**For The Year Ended
December 31, 2005**

The Auditor of Public Accounts has completed the Rockcastle County Clerk's audit for the year ended December 31, 2005. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees decreased by \$154 from the prior year, resulting in excess fees of \$7,339 as of December 31, 2005. Revenues increased by \$13,099 from the prior year and expenditures increased by \$13,253.

Debt Obligations:

Lease principal agreements totaled \$17,491 as of December 31, 2005. Future principal payments of \$17,491 are needed to meet these obligations.

Report Comments:

- The County Clerk Should Pay Excess Fees Of \$2,661 As Determined By Audit
- The County Clerk Should Eliminate Fee Account Deficit Of \$4,286 As Of December 31, 2005
- The County Clerk Should Improve Internal Controls Over Deed Transfer Tax Transactions
- The County Clerk Should Improve Internal Controls Over Cash Receipts
- The County Clerk Should Maintain Adequate Documentation For Accounts Receivable
- The County Clerk's Office Lacks Adequate Segregation Of Duties

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
Honorable Norma Houk, Rockcastle County Clerk
Members of the Rockcastle County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Rockcastle County, Kentucky, for the year ended December 31, 2005. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2005, in conformity with the regulatory basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement of the Rockcastle County Clerk. The schedule of excess of liabilities over assets is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.



The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
Honorable Norma Houk, Rockcastle County Clerk
Members of the Rockcastle County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2006 on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- The County Clerk Should Pay Excess Fees Of \$2,661 As Determined By Audit
- The County Clerk Should Eliminate Fee Account Deficit Of \$4,286 As Of December 31, 2005
- The County Clerk Should Improve Internal Controls Over Deed Transfer Tax Transactions
- The County Clerk Should Improve Internal Controls Over Cash Receipts
- The County Clerk Should Maintain Adequate Documentation For Accounts Receivable
- The County Clerk's Office Lacks Adequate Segregation Of Duties

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Rockcastle County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

December 6, 2006

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2005

Revenues

Library and Archives Grant		\$	59
State Fees For Services			7,390
Fiscal Court			23,905
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	383,624	
Usage Tax		611,491	
Tangible Personal Property Tax		843,273	
Title Applications		3,104	
Ad Valorem Lien Fees		5,253	
Other-			
Marriage Licenses		5,382	
Occupational Licenses		801	
Handicap Parking Permits		2,638	
Deed Transfer Tax		29,038	
Delinquent Tax		93,157	1,977,761
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts		13,798	
Real Estate Mortgages		24,069	
Chattel Mortgages and Financing Statements		39,633	
Powers of Attorney		1,483	
All Other Recordings		14,895	
Charges for Other Services-			
Candidate Filing Fees		2,070	
Copywork		2,334	98,282
Other:			
Postage		376	
Prior Year Returned Checks and Fees		724	
Miscellaneous		289	
Tax Liens		316	1,705
Interest Earned			451
Total Revenues			2,109,553

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
 NORMA HOUK, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2005
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	292,615	
Usage Tax		593,173	
Tangible Personal Property Tax		361,057	
Licenses, Taxes, and Fees-			
Delinquent Tax		12,817	
Legal Process Tax		13,042	\$ 1,272,704

Payments to Fiscal Court:

Tangible Personal Property Tax	55,050	
Delinquent Tax	10,433	
Deed Transfer Tax	25,961	
Occupational Licenses	642	92,086

Payments to Other Districts:

Tangible Personal Property Tax	393,712	
Delinquent Tax	46,349	440,061

Payments to Sheriff 1,335

Payments to County Attorney 12,896

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	164,103
Contract Labor	3,673

Employee Benefits-

Employer's Share Social Security	17,095
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Contracted Services-

Printing and Binding	2,231
Equipment Rental	736

Materials and Supplies-

Office Supplies	6,116
Repairs and Maintenance	432

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
 NORMA HOUK, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2005
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Other Charges-

Conventions and Travel	\$	2,644	
Dues		450	
Postage		3,544	
Returned Checks		800	
Returned Check Collection		130	
Clerk's Bond		267	
Library and Archives Grant		59	\$ 202,280

Debt Service:

Lease Payments - Copiers	4,138	
Lease Payments - Postage Meter	1,224	5,362

Total Expenditures		\$ 2,026,724
Net Revenues Before Unpaid Obligations		82,829
Less: Unpaid Obligations - Due to County		
Deed Transfer Tax		1,625
Net Revenues		81,204
Less: Statutory Maximum		67,071
Excess Fees		14,133
Less: Expense Allowance	3,600	
Training Incentive Benefit	3,194	6,794
Excess Fees Due County for 2005		7,339
Payment to Fiscal Court - March 27, 2006		4,678
Balance Due Fiscal Court at Completion of Audit		\$ 2,661

The accompanying notes are an integral part of this financial statement.

ROCKCASTLE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31, that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2005 services
- Reimbursements for 2005 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2005

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

ROCKCASTLE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2005
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent for the first six months and 10.98 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

ROCKCASTLE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2005
 (Continued)

Note 4. Grant

The County Clerk maintained the cumulative interest balance of \$59 on a local records microfilming grant from the Kentucky Department for Libraries and Archives. During 2005, the Clerk properly expended the interest balance of \$59, leaving a \$0 balance as of December 31, 2005.

Note 5. Leases

The County Clerk's office was committed to the following lease agreements as of December 31, 2005:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance 12/31/05
Copier	\$ 197	60 months	10/06/08	\$ 6,487
Copier	\$ 148	36 months	04/09/06	\$ 444
Postage Meter	\$ 528	60 months	12/31/10	\$ 10,560

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS - REGULATORY BASIS

December 31, 2005

Assets

Cash in Bank	\$ 82,162	
Deposits in Transit	10,906	
Receivables	<u>5,710</u>	
Total Assets		\$ 98,778

Liabilities

Paid Obligations:

Outstanding Checks	\$ 13,657
Liabilities	<u>85,121</u>

Total Paid Obligations	98,778
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Unpaid Obligations:

Due Fiscal Court -	
Deed Transfer Tax	1,625
Excess Fees - 2005	<u>2,661</u>

Total Unpaid Obligations	<u>4,286</u>
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Total Liabilities		<u>103,064</u>
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Total Fund Deficit as of December 31, 2005		<u><u>\$ (4,286)</u></u>
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Buzz Carloftis, Rockcastle County Judge/Executive
Honorable Norma Houk, Rockcastle County Clerk
Members of the Rockcastle County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Rockcastle County Clerk for the year ended December 31, 2005, and have issued our report thereon dated December 6, 2006. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rockcastle County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- The County Clerk Should Eliminate Fee Account Deficit Of \$4,286 As Of December 31, 2005
- The County Clerk Should Improve Internal Controls Over Deed Transfer Tax Transactions
- The County Clerk Should Improve Internal Controls Over Cash Receipts
- The County Clerk Should Maintain Adequate Documentation For Accounts Receivable
- The County Clerk's Office Lacks Adequate Segregation Of Duties

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Rockcastle County Clerk's financial statement for the year ended December 31, 2005, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comment and recommendation.

- The County Clerk Should Pay Excess Fees Of \$2,661 As Determined By Audit

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

December 6, 2006

COMMENTS AND RECOMMENDATIONS

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2005

INTERNAL CONTROL – REPORTABLE CONDITIONS AND MATERIAL WEAKNESSES:

The County Clerk Should Eliminate Fee Account Deficit Of \$4,286 As Of December 31, 2005

Based upon the available records, the County Clerk had a deficit of \$4,286 in her official fee account as of December 31, 2005. This deficit is the result of undeposited deed transfer tax receipts totaling \$1,979 and undeposited receipts totaling \$2,307 for December 30, 2005 business. We recommend the County Clerk eliminate this deficit by depositing \$4,286 of personal funds into the 2005 official fee account so that excess fees can be settled.

County Clerk's Response: I strongly disagree with this audit.

Auditor's Reply: Auditors provided the County Clerk with documentation that supports the finding, which the County Clerk was unable to refute. We stand behind our audit.

The County Clerk Should Improve Internal Controls Over Deed Transfer Tax Transactions

The County Clerk did not reconcile the deed transfer tax reports to the deed transfer tax recorded in the deed books. During our test of deed transfer tax, we noted that deed transfer tax totaling \$1,979 was recorded in the deed books, but was not recorded on the County Clerk's receipts ledger. As a result, the deed transfer tax remitted to the county was understated by \$1,625. The additional \$1,625 due the county is \$1,979 net of overpayments totaling \$268 paid to the county during 2005 and net of additional commissions due the County Clerk totaling \$86. We recommend the County Clerk, on a monthly basis, reconcile amounts recorded in the deed books to deed transfer tax recorded in the receipts and disbursements ledgers in order to strengthen internal controls over deed transfer tax.

County Clerk's Response: I strongly disagree. I do not feel I should have to pay any deed tax.

Auditor's Reply: Auditors provided the County Clerk with documentation that supports the finding. The County Clerk was unable to refute this documentation. We stand behind our audit.

The County Clerk Should Improve Internal Controls Over Cash Receipts

During our test of receipts, we noted the following weaknesses in the County Clerk's internal controls over cash receipts:

- Daily deposits could not be traced to daily check out sheets. Rather than making one deposit for each day's business, the County Clerk deposits were comprised of partial receipts from the prior day and current day.
- The County Clerk's change fund exceeded the \$200 limit per cash drawer set by Technical Audit Bulletin #93-002.

ROCKCASTLE COUNTY
 NORMA HOUK, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2005
 (Continued)

INTERNAL CONTROL – REPORTABLE CONDITIONS AND MATERIAL WEAKNESSES:
 (CONTINUED)

The County Clerk Should Improve Internal Controls Over Cash Receipts (Continued)

- The County Clerk did not always issue receipts in triplicate format as required by the Governor's Office for Local Development (GOLD). There were instances when the cash register was closed before the end of the business day. If payments were received from customers after the cash register was closed, manual receipts were issued in duplicate format only. When this occurred, the cash register tape total did not agree with the daily checkout sheet and manual receipts.
- Daily deposit slips were not properly itemized. We found that only a grand total for check transactions was listed on the daily deposit slip.
- The County Clerk cashed checks from the official fee account.

GOLD requires county officials to issue pre-numbered three part receipt forms (KRS 64.840): one copy to be given to the customer, one copy attached to the daily cash checkout sheet, and one to remain on file. Additionally, daily deposits should be reconciled to the daily checkout sheet. Technical Audit Bulletin #93-002, established under the authority of 45 KAR 1:070, states that the accumulation and retention of cash in excess of \$200 per cash drawer shall be subject to report as an audit comment. Therefore, we recommend the County Clerk deposit receipts intact on a daily basis, issue receipts in triplicate, maintain an appropriate level of change fund and discontinue the practice of cashing checks from the official fee account.

County Clerk's Response: \$200 limit – This is very inconvenient and would be time consuming by making several trips per day to bank to get change. Many people pay with larger bills and we must have change. The first couple of customers per day would probably use all change and I would have to make a trip to bank. Time to go to bank is approximately 30 minutes. Doing this several times each morning would be inconvenient and time consuming and very impracticable. Receipts were kept in duplicate. I only need one copy and one copy for customer. Triplicate copies are more expensive and unnecessary. Cash register closed – Many days customers come as we are leaving the courthouse and ask us to license their vehicle or do a transaction. Some telephone and request us to stay in a few minutes for them. This I do as accommodation to the customer. All receipts are added to the daily report.

The County Clerk Should Maintain Adequate Documentation For Accounts Receivable

The County Clerk did not maintain adequate documentation to support accounts receivable charges and collections. During 2005, the County Clerk allowed customers to charge for deed room transactions. The County Clerk discarded the customers' records documenting the date, type, and amount of charge as well as monthly billing statements documenting the date and amount of collection. As a result, the Clerk was unable to provide the auditors with documentation supporting accounts receivable charges and collections. We recommend the Clerk maintain documentation to support all accounts receivable charges and collections in order to strengthen internal controls over receipts.

County Clerk's Response: None

ROCKCASTLE COUNTY
NORMA HOUK, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2005
(Continued)

INTERNAL CONTROL – REPORTABLE CONDITIONS AND MATERIAL WEAKNESSES:
(CONTINUED)

The County Clerk's Office Lacks Adequate Segregation Of Duties

The County Clerk's internal control structure lacks adequate segregation of duties. There is a limited staff size, which prevents adequate division of responsibilities. During 2005, there are instances in which the County Clerk or deputies received cash, posted to the manual daily checkout sheet, and may have prepared the daily deposit. The County Clerk has statutory authority to assume the role as custodian of monetary assets, as well as recorder of transactions and preparer of financial statements. However, allowing one employee to perform these duties increases the risk that misstatements or errors may occur and not be detected in a timely manner. The County Clerk should consider delegating some duties to other employees or implementing compensating controls to help strengthen the internal control structure in her office. For example, the preparation of the daily checkout sheet could be delegated to an employee who does not receive cash or prepare the deposit. Additionally, the County Clerk could delegate an employee who does not receive cash to perform a supplemental daily reconciliation of the manual daily checkout sheet, the daily cash register tape totals, and the daily deposits. We recommend the County Clerk implement and develop procedures to offset the lack of adequate segregation of duties.

County Clerk's Response: Due to size of county and number of deputies, this is not possible. I feel I have control over the office.

STATE LAWS AND REGULATIONS:

The County Clerk Should Pay Excess Fees Of \$2,661 As Determined By Audit

The County Clerk owes an additional \$2,661 in excess fees for 2005. The audited "Statement of Revenues, Expenditures, And Excess Fees", included in this report, indicates excess fees of \$7,339 were due for 2005. Of this amount, \$4,678 was paid to the Fiscal Court on March 27, 2006. We recommend the County Clerk pay the additional \$2,661 of excess fees to the Fiscal Court as soon as possible.

County Clerk's Response: I strongly disagree with this audit.

Auditor's Reply: Auditors provided the County Clerk with documentation that supports the finding, which the County Clerk was unable to refute. We stand behind our audit.

PRIOR YEAR:

The Clerk Should Publish The Financial Statement In A Timely Manner

